

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIMA 04468 062123Z

21

ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 SEC-03 L-03 H-03 IO-14 PRS-01 USIA-15 /173 W

----- 057180

R 062020Z JUN 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 400

LIMITED OFFICIAL USE LIMA 4468

FOR ARA/ECP

EO 11652 N/A

TAGS: EFIN, PE

SUBJ: CAPITAL MARKETS SEMINAR - PERUVIAN VIEW

REF: STATE 114918

1. ULISES MONTOYA, DIRECTOR TECNICO, REDITO PUBLICO, OF MINISTRY OF ECONOMY AND FINANCE (MEF) REVIEWED CAPITAL MARKETS SEMINAR WITH EMBASSY OFFICER JUNE 5. WHILE APPRECIATIVE OF EFFORT, MONTOYA SAID THAT SEMINAR WAS BOTH TOO SHORT AND TOO GENERAL TO BE OF SUBSTANTIVE VALUE TO MAJORITY OF PARTICIPANTS. MONTOYA'S SPECIFIC CRITICISM CENTERED ON ELEMENTARY LEVEL OF PRESENTATION (LENGTHY EXPOSITION OF HOW TO PUT TOGETHER A PROSPECTUS, AND EXPLANATIONS OF SECURITIES ACT OF 1933, ET AL, IRKED HIM PARTICULARLY). HE MAINTAINED MOST EXPERIENCED LATIN PARTICIPANTS ALREADY KNEW THIS KIND OF MATERIAL PRESENTATION OF WHICH WAS BOTH PATRONIZING AND DULL.

2. MONTOYA EMPHASIZED THAT MUCH MORE SPECIFIC INFORMATION REQUIRED BY PERU (AND OTHER LATINS NOT YET IN PUBLIC BOND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 04468 062123Z

FIELD) IN ORDER FOR THEM TO DECIDE WHEN AND HOW TO ENTER

THE MARKET. HE SAID HE WOULD HAVE PREFERRED A LONGER SEMINAR WITH LESS LEGAL EXPLANATION, AND MORE EMPHASIS ON FOLLOWING:

A) SPECIFIC OBSTACLES TO ENTRY OF THE USG MARKET (E.G., STEP-BY-STEP ANALYSIS OF MEXICAN AND BRAZILIAN EXPERIENCES WOULD BE HELPFUL);

B) LIMITATIONS THAT INSTITUTIONAL INVESTORS SEE IN PLACING FOREIGN ISSUES IN U.S., WITH SPECIFIC REFERENCE TO ROLE OF INSURANCE COMPANIES;

C) COMPARISON OF RISKS AND COSTS, WITH BREAKDOWN BETWEEN FIXED COSTS (LAWYERS, UNDERWRITERS) AND VARIED COSTS OF ISSUES AS WELL AS COMPARATIVE ANALYSIS OF YIELDS ON BONDS FROM DIFFERENT CONTINENTS (AFRICA AND ASIAN AS WELL AS LATIN AMERICA).

D) PERSONAL CONTACT WITH BANKERS AND INSURANCE EXECUTIVES. THE TWO QUICK WORKING LUNCHES PROVIDED PRACTICALLY NO OPPORTUNITY FOR INFORMAL DISCUSSION CONDUCTIVE TO USEFUL COMMUNICATION ON SPECIFIC PROBLEMS.

3. MONTOYA SAID THAT PERU HAS BEEN CONSIDERING BOTH THE EUROPEAN (FRENCH) AND JAPANESE BOND MARKETS FOR ISSUES OF ITS OWN SINCE THESE MARKETS OFFER (UNSPECIFIED ADVANTAGES OVER U.S. MARKET. HOWEVER, JAPANESE MARKET NOW CLOSED TO NEW FOREIGN ISSUES BECAUSE OF NEW JAPANESE CAPITAL EXPORT CONTROLS FOLLOWING OIL CRISIS, AND PERU ALSO NOT SURE THAT EUROPEAN MARKET ATTRACTIVE ENOUGH. HE MENTIONED U.S. MARKET OFFERS LONGER MATURITY PERIOD (15-20 YEARS) THAN OTHERS, AND THEREFORE COULD BE ATTRACTIVE AS WELL. HIGH INTEREST RATES ALSO DRAWBACK, BUT THIS CONDITION NOT PERMANENT AND PERU WILL MOVE AHEAD TO ENTER BOND MARKET FAIRLY SOON.

4. COMMENT: MONTOYA GIVES APPEARANCE OF COMPETENT ECONOMIST WHO FELT THAT LEVEL OF SEMINAR MATERIAL, ORGANIZATION AND MANNER OF PRESENTATION DID NOT JUSTIFY SPECIAL TRIP TO WASHINGTON. WHILE EMBASSY NOT IN POSITION COMMENT ON SUBSTANCE HIS REMARKS, HE STATED HE PLEASED USG INTERESTED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LIMA 04468 062123Z

IN FOLLOWING UP AND THAT PERU WOULD WISH ATTEND FUTURE SEMINARS IF MORE CONCRETE INFORMATION ALONG LINES MENTIONED IS PRESENTED.
DEAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, DATA, SEMINARS, CAPITAL (FINANCE), ORGANIZATION & MANAGEMENT, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 06 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: smithrj
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LIMA04468
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740144-0697
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740669/aaaachwe.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 114918
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 19 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 SEP 2002 by rowelle0>; APPROVED <14 FEB 2003 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CAPITAL MARKETS SEMINAR - PERUVIAN VIEW
TAGS: EFIN, PE, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005